

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 14, 1996

SUBJECT: **HB 2315 - SB 2608**

This bill, if enacted, will require TennCare MCO's to maintain a twenty-four (24) hour toll-free telephone line to inform enrollees about drugs covered by the program. MCO's are required to establish a procedure by which a physician can substitute a drug not on the formulary if in the physician's opinion the formulary drug will not be medically effective.

The fiscal impact of this bill is estimated to increase costs to MCO's to establish toll-free phone lines and to provide substitute drugs. This will result in higher capitation rates paid to managed care organizations in the TennCare program. The amount of the increase to TennCare cannot be determined but is estimated to exceed \$100,000.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive, flowing style.

HB 2315 - SB 2608

James A. Davenport, Executive Director